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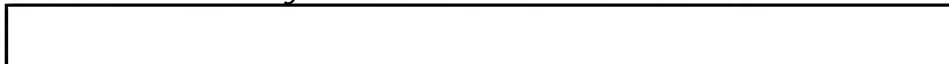
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Thailand-US: Thai Government leaders are keeping alive the possibility that some Thai troops may be withdrawn from Vietnam.

Foreign Minister Thanat announced to the press early this week that during the recent ASEAN meeting in Kuala Lumpur he had brought up with South Vietnamese Foreign Minister Lam the possibility of withdrawing troops. Thanat said that although the two had discussed the continued need for the Thai contingent and the timing of withdrawals, they had made no definite plans. A few days earlier a group of Thai legislators, with the approval of other government leaders, sent an open letter to Prime Minister Thanom calling for withdrawal of the Thai troops.

In raising the troop issue Bangkok apparently had a number of purposes in mind. Both Thanat and Deputy Prime Minister Praphat have given assurances that their government fully appreciates the need for Thailand to keep troops in Vietnam for the time being and that there is no plan for withdrawal. One government spokesman, however, has indicated that Bangkok might soon be interested in a token withdrawal.

In the light of Thailand's growing dissatisfaction with the US on other matters, the manner in which the Thai have raised the troop issue--direct discussions with Saigon and in the press--may be designed in part as a reminder to Washington of the importance Bangkok attaches to being involved in decision making on matters of mutual interest.



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Communist China: Peking's campaign to streamline local-level administrative organs is being hampered by footdragging and inefficiency.

An important element in the campaign is the transfer of large numbers of urban civil servants to China's rural areas. According to a Peking broadcast on 17 December, however, there have been numerous complaints that the influx of urban cadres is putting a heavy burden on the peasants who are forced to house and feed them. The broadcast pleaded that the outside cadres must be considered "assets" and not "burdens," and it justified the transfers as part of Mao Tse-tung's own "long-range plan" to prevent the growth of a privileged bureaucratic elite.

There are also signs that the program is hindered by considerable apathy on the part of the cadres. The authoritative People's Daily recently devoted two editorials--the first on domestic topics since March 1969--to cadre work methods and urged that cadres should regard manual labor as a duty.

Although cadre retrenchment is not a new program, the heavy publicity given the campaign in recent weeks underscores Peking's frustrations. Despite Peking's active attempts to thin unwieldy bureaucratic ranks since the fall of 1968, complaints are cropping up that cadres in fact are expanding their organizations and staffs. In defense of this, overburdened local officials allegedly are protesting that there is "too much work to do and too few people to do it."

The regime now appears to want to avoid sending too many experienced personnel to the countryside and, perhaps with this in mind, has recently been stressing a system of rotation. Under this system, one third of all cadres engage in manual labor in the fields, while another third participate

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in political study classes, and the other third remain at work in their offices. Apparently, however, this system is often being abused, with old-line, experienced cadres getting away with serving only a minimal stint at manual labor. Several recent provincial broadcasts suggest that many cadres are still being sent to labor permanently in the countryside. They imply that many of the cadres sent down for life should be the "representatives of the masses," i.e., the new cadres who emerged during the Cultural Revolution. Many are probably illiterate and most are inexperienced and have proved unsuited to office tasks.

The whole process of cadre reform is complicated by continued quarreling between former Red Guard factionalists who have been elevated to the cadre ranks and veteran cadres who were often subject to Red Guard attacks during the Cultural Revolution. Repeated exhortations to the old cadres by the regime to be patient with their new counterparts in their training and daily work suggest that considerable antagonism still existing between these groups is obstructing the normal functioning of various organizations.

Until Peking achieves some solution to its current cadre problems, progress in reconstructing a viable civilian administrative apparatus at local levels in both town and countryside is likely to be slow. Meanwhile, the continuing retrenchment of technical and administrative cadres has sharply undermined morale and built up a reservoir of resentment, disillusionment, and insecurity.

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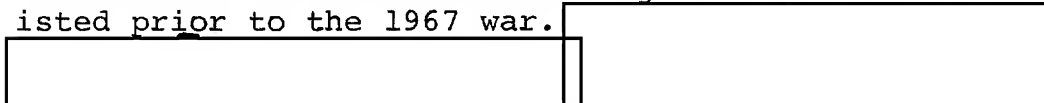
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[Arab States: The collapse of the Arab summit conference in Rabat, despite an exacerbation of differences between the radical and conservative Arab regimes, probably will not result in an open break.

The conference, which closed on 23 December without any final resolutions or communiqué and with three of the radical Arab states boycotting the final session, publicly revealed fundamental differences. The issue which ultimately brought about the failure of the conference was the refusal of Saudi Arabia, Kuwait, Morocco, and Algeria to respond to the call for greatly increased financial and military support. The conference was highlighted by bitter attacks on leaders of the conservative Arab countries, especially King Faysal of Saudi Arabia, for their failure to support the call for additional funds.

Nasir, however, has apparently decided to play down the differences which arose at the summit. He has stated that despite these "differences and negative aspects" the conference had its positive aspects, and that there were differences at previous conferences although they were not publicized. The semi-official Cairo newspaper al-Ahram, following the same line, states that Libya, Saudi Arabia, and Kuwait did agree to contribute an additional \$84 million for arms purchases in addition to the annual subsidy of \$228 million paid by the three countries to Egypt and Jordan. The Arab states are also reported to have agreed to pay \$62.4 million to the Palestine Liberation Organization.

The continuing financial dependence of Egypt on Kuwait and Saudi Arabia will probably preclude Nasir from renewing open hostility between the radical and conservative Arab regimes such as existed prior to the 1967 war.



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India: The recent three-day convention of the opposition Congress party was devoted primarily to scathing attacks on Prime Minister Gandhi.

Little of significance came out of the convention on domestic issues, but the government was roundly denounced for its "pro-Soviet" foreign policy. The large number of delegates to the convention and the fact that several Indian states were well represented show that the opposition party, while smaller than the ruling Congress party, has retained considerable nationwide appeal.



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Czechoslovakia: Moves are under way to "re-Stalinize" the judicial system and to restore wide-ranging powers to prosecutors.

The Ministry of Justice announced at a meeting of chairmen of Czech regional courts on Monday that it no longer feels bound by the "judiciary action program" adopted in June 1968. It was emphasized that this program, which contained numerous guarantees for due process and the protection of individual rights, had led to limited protection of state interests and to a weakening of the leading role of the party in the judiciary. It also had the effect of circumscribing the arbitrary powers of the administrators of justice.

The same day a nationwide meeting of prosecutors was held to issue instructions on implementing repressive laws scheduled to come into effect on 1 January 1970. This "temporary" series of laws was passed in August to strengthen the power of the police in the wake of disturbances on the anniversary of the Soviet invasion. The role of the prosecutors in restoring absolute state power and in strengthening an ideologically-rooted system of "socialist legality" was stressed.

Both meetings were reported briefly by Czechoslovak news media. The tone of the reports, and the absence of previous authorization from higher authorities to take such strong measures, suggest that the moves are primarily the work of conservatives who control the security and legal apparatus. Presumably these orthodox officials believe that the general resolutions of the central committee on consolidation of party control over society constitute a basis for proceeding without specific authorization. If this view is correct, moderates in the Husak regime who are not prepared to return to the system inherited from Stalin may carry the issue to higher authorities.

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Panama: The government has moved quickly to reassure the business community of its good will.

Meeting with leaders of the country's major business organization early this week, President Lakas announced that restrictions on travel by prominent Panamanian businessmen have been lifted. In addition, the President reportedly said that as a civilian he was aware of the importance of private enterprise in the national economy and wanted to keep open the channels of communication between government and business.

The travel ban, which is now being blamed on a junior National Guard officer, resulted from the Guard's anger over a declaration issued by the business organization only hours after the coup attempt against General Torrijos. The declaration criticized one-man rule in an obvious reference to Torrijos and called for a return to civilian government.

The President's vigorous approach to the problem of restoring investor confidence appears designed to stress the initiative and independence of the new civilian junta. The businessmen realize, however, that nothing is being done without the approval of General Torrijos, and it will take more than a single meeting or a single action to improve business-government relations.

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USSR-Peru: Moscow will soon extend a \$30-million credit to Peru to finance the purchase of agricultural machinery for Peru's agrarian reform.

The deal, involving Russia's first credit to Peru, was announced by Peru's foreign minister and confirmed by the Soviet commercial attaché. The Russian told a US Embassy official, however, that the final contract had not yet been signed and professed not to know any specific details. The Soviet credit offer probably involves the shorter repayment terms typical of Soviet trade credits--ten years or less--and not the extension of long-term aid credits.

The purchase of Soviet agricultural machinery might depress the immediate market for sales of some Western equipment, if the Peruvian Government offers to sell some of the Russian machinery to private farmers. In other Latin American countries, however, the poor quality of Soviet machinery and lack of service eventually led users back to traditional US and West European suppliers.

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25X1 [Israel-Egypt: Israel's eight and one-half hour air attack across the Suez Canal on Thursday was the longest sustained air operation since the 1967 war and [redacted] destroyed SA-2 sites which the Egyptians have been trying to re-build after earlier air strikes. The Israelis denied an Egyptian claim that four Israeli planes were shot down. The entire length of the Egyptian side of the canal has been subjected to almost daily Israeli air strikes for the last four months. Thursday's operation and Friday's three and one-half hour air attack on targets near the southern end of the canal, however, may indicate a step-up in the effort to "educate" the Egyptians. [redacted]

[redacted]

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